

Cap-and-Trade Auction Proceeds Investments to Benefit Disadvantaged Communities, Low-Income Communities, and Low-Income Households



**Community Meetings
February 2017**



Purpose of Today's Meeting

The Administration is seeking input on SB 535 and AB 1550 implementation, specifically:

- CalEPA's **identification** of disadvantaged communities
- Defining low-income communities and low-income households for investment
- How to determine if project investments provide a **benefit** to inform updates to ARB's Funding Guidelines

Cap-and-Trade Auction Proceeds Deposited in Greenhouse Gas Reduction Fund

Governor
and
Legislature

- Governor proposes budget
- Legislature appropriates funds

State
Agencies

- CalEPA identifies Disadvantaged Communities
- ARB provides Funding Guidelines
- State agencies develop programs

Programs

- Agencies select projects
- Agencies report outcomes

Program Requirements and Goals

- Investments must reduce greenhouse gas emissions and further the purposes of AB 32
- Invest in and maximize benefits to disadvantaged communities, low-income communities, and low-income households
- Maximize economic, environmental, and public health benefits

Investment Minimums : Summary of Changes

SB 535 (De Leon, Statutes of 2012) and AB 1550 (Gomez, Statutes of 2016)

Previous SB 535 Investment Minimums	New AB 1550 Investment Minimums	Target Investment Area
10%	25%	Projects within and benefiting disadvantaged communities
25%	-	Projects benefiting disadvantaged communities
-	5%	Projects within and benefiting low-income communities or benefiting low-income households statewide
-	5%	Projects within and benefiting low-income communities, or low-income households, that are within ½ mile of a disadvantaged community

Meeting Format

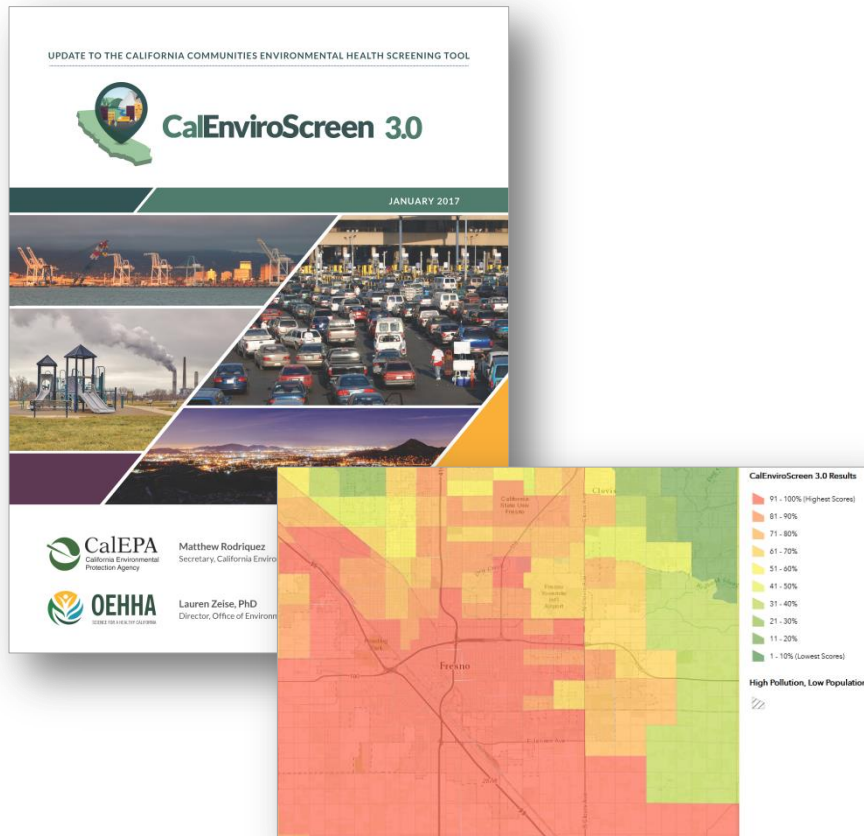
- Brief overview and background
- Three 25 minute sessions in a “World Café” style
- Table topics include:
 - SB 535 Disadvantaged Communities
 - AB 1550 Implementation
 - Updates to ARB’s Funding Guidelines
- Opportunity to move to a different table discussion—rotation every 25 minutes

Identification of Disadvantaged Communities



CalEnviroScreen 3.0

Released January 2017



- Spatial analysis of relative burdens in California communities from pollution and population vulnerability
- 20 indicators combined into a single ranked score
- Census tract scale











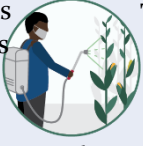











Senate Bill 535 (De León, 2012)

- Requires Greenhouse Gas Reduction Funds to be spent in disadvantaged communities
- A recent amendment to SB 535 (AB 1550) requires at least 25 percent of the funds be allocated to projects located within, and benefiting individuals living in, disadvantaged communities
- CalEPA shall identify disadvantaged communities “based on geographic, socioeconomic, public health and environmental hazard criteria”



CalEnviroScreen 3.0

Indicators

Pollution Burden		Population Characteristics	
Exposures	Environmental Effects	Sensitive Populations	Socioeconomic Factors
 Ozone  PM2.5  Solid Waste Sites and Facilities  Cleanup Sites  Diesel Particulate Matter  Drinking Water Contaminants  Toxic Releases from Facilities  Traffic  Pesticide Use  Groundwater Threats  Impaired Water Bodies  Hazardous Waste Generators and Facilities		 Asthma  Cardiovascular Disease  Low Birth Weight Infants	 Educational Attainment  Housing Burden  Linguistic Isolation  Poverty  Unemployment

CalEnviroScreen Methodology

- Census tract scale: About 8,000 census tracts in California
- Each census tract receives a CalEnviroScreen score (between 1 and 100) based on how its 20 indicators compare with other census tracts



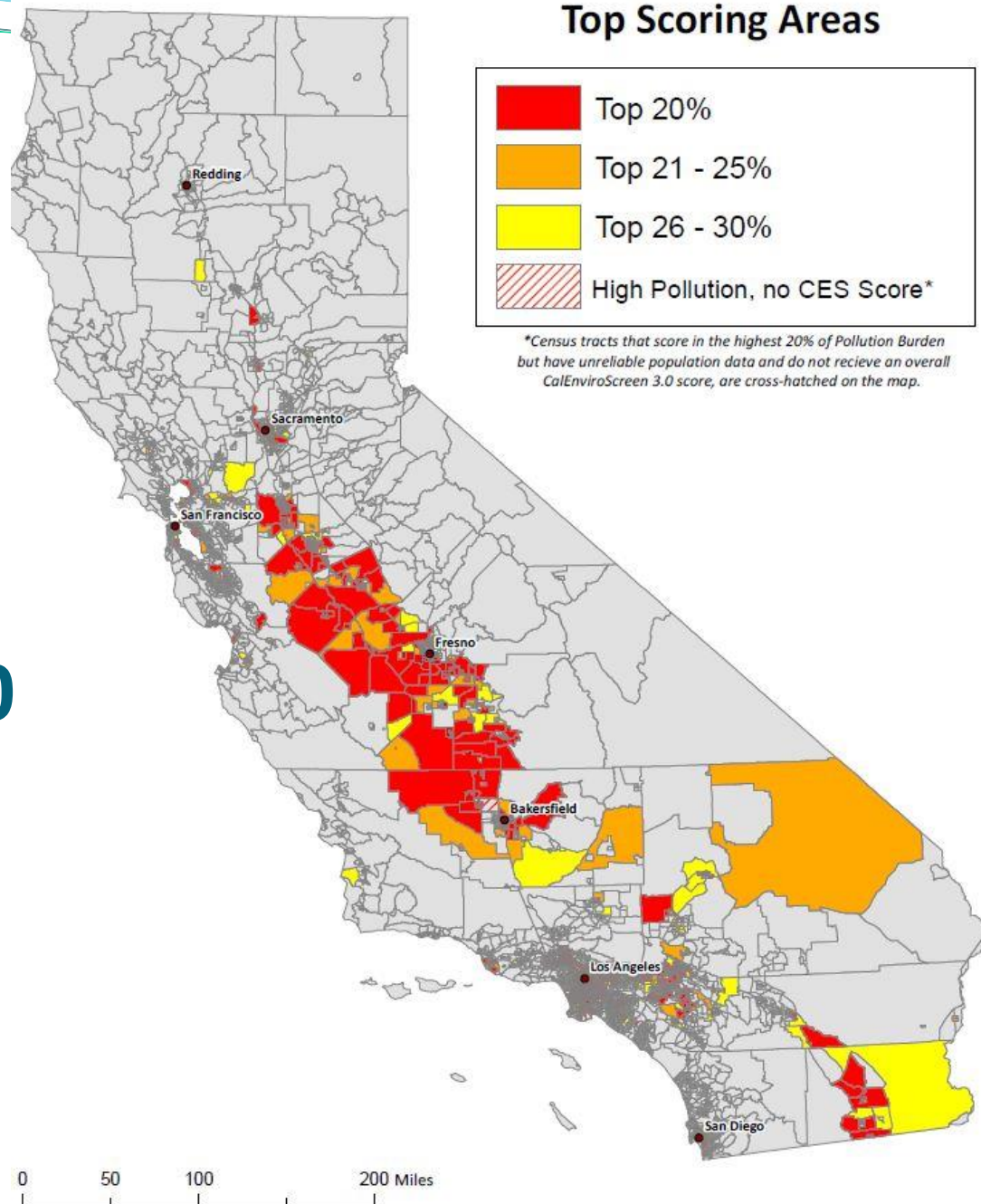
- CalEnviroScreen ranks census tracts based on their scores
 - Census tracts with higher scores have higher pollution burdens and vulnerabilities than tracts with lower scores

Identifying Disadvantaged Communities

- How many communities should be considered disadvantaged?
- Census tracts with highest 20%, 25%, or 30% of CalEnviroScreen scores?
 - These generally represent 20%, 25%, and 30% of California's population
- In 2014, the highest scoring 25% of census tracts using CalEnviroScreen 2.0 were identified as disadvantaged

Identifying Disadvantaged Communities - CalEnviroScreen 3.0

CalEnviroScreen 3.0 Top Scoring Areas



Defining Low-Income Communities and Households for Investment



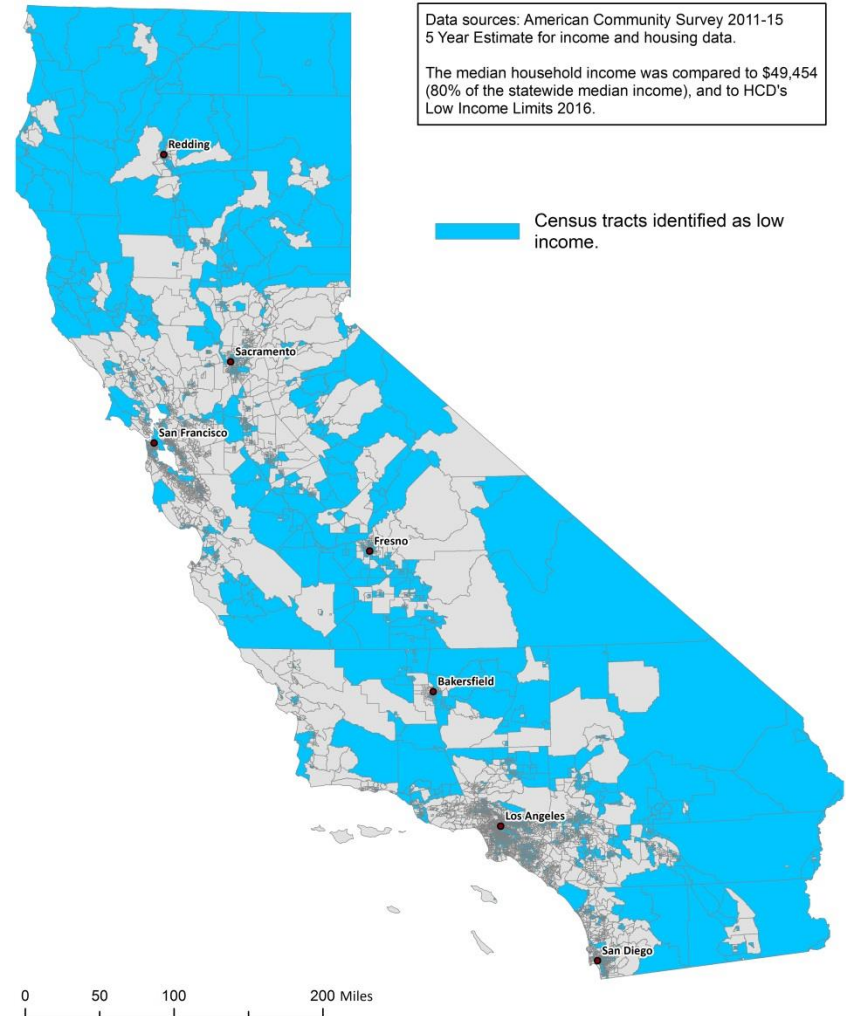
AB 1550 Definitions of Low-Income

- Income at or below 80% of the statewide median household income (currently \$49,454 per year); or
- Income at or below the threshold designated as low-income by the Department of Housing and Community Development's list of State income limits

Low-Income Communities

- Using both definitions captures census tracts that include 47 percent of the State's population

Blue areas are census tracts with median household incomes at or below 80 percent of the Statewide Median Household Income or HCD's established low-income thresholds



Low-Income Households

- Using both definitions, the income threshold of a household would vary by county and household size
- Options to simplify demonstration of income eligibility for low-income households
 - Pre-qualification by other public assistance programs with consistent income thresholds
 - Applicant self certification and random sampling
 - Applicant to submit income verification

Determining Project Benefits

- Projects must be within and provide benefits to an identified community or low-income household to count toward AB 1550 investment minimums
 - How do we handle projects that do not neatly fit into defined community boundaries?
 - Are benefits to a low-income community the same as benefits to a disadvantaged community?

Sustainable Communities and Clean Transportation

- Transit-Oriented Affordable Housing
- High Speed Rail
- Active Transportation
- Transit and Connectivity
- Clean Vehicles
- Vanpools & Car Sharing
- Agricultural Land Conservation



Energy Efficiency and Clean Energy

- Weatherization/Solar
- Renewable Energy
- Water–Energy Efficiency



Natural Resources and Waste Diversion

- Urban Forests and Forest Health
- Healthy Soils
- Urban Greening
- Wetlands Restoration
- Waste Diversion



Updates to ARB's Funding Guidelines for Agencies that Administer California Climate Investments



Updates to ARB Funding Guidelines

- Updates to 2015 Funding Guidelines include changes to:
 - Provide guidance on new statutory requirements including AB 1550
 - Include newly funded programs
 - Update reporting requirements
 - Improve transparency
 - Incorporate lessons learned

Providing Input

- Tonight: Notetakers will track discussions
- The Administration is also accepting written comments on these topics through February 20, 2017 via electronic submittal at:
https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=ab1550meetings-ws&comm_period=1
- Additional Public Process on Funding Guidelines
 - Spring: workshops and draft document
 - June ARB Board Meeting (public hearing)
 - <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/upcomingevents.htm>

Contact Us

- CalEPA

- **Arsenio Mataka, Assistant Secretary: 916-323-0445**
- arsenio.mataka@calepa.ca.gov
- <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>
- <http://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>

- ARB

- **Charanya Varadarajan, Manager: 916-322-1223**
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- GGRFProgram@arb.ca.gov
- www.arb.ca.gov/auctionproceeds

Meeting Format

- Three 25 minute sessions in a “World Café” style
 - Four tables focused on identification of SB 535 Disadvantaged Communities
 - Two tables focused on AB 1550 Implementation
 - Two tables focused on updates to ARB’s Funding Guidelines
- Opportunity to move to a different table discussion—rotation every 25 minutes